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TAGS: [PREL](#) [PARM](#) [TSPL](#) [KNNP](#) [ETTC](#) [ENRG](#) [TRGY](#) [IN](#)
SUBJECT: WEAKENED UPA AND LEFT MULL MIDDLE WAY TO COMPLETE
NUCLEAR INITIATIVE

Classified By: Charge d'Affaires Steven White for Reasons 1.4 (B and D)

¶1. (C) Summary: While the Indian government prolongs the safeguards talks to a fourth round, the Congress Party and Left appear to have reacted to the Gujarat election loss by reaffirming that the UPA government will last its full term, which complicates the completion of the nuclear initiative in the face of Left opposition. However, External Affairs Minister Pranab Mukherjee's reiteration of the government's commitment came two days before Communist leaders expressed support for opening India to the global nuclear market while remaining opposed to the 123 Agreement with the U.S. As the Congress Party finds its feet after the Gujarat election loss, it will likely start implementing this "middle path" of stressing the multilateral aspects of the nuclear initiative and minimizing the U.S.-specific elements that could create domestic political complications. End Summary.

Government Continues To Express Support

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¶2. (SBU) Speaking to reporters January 4, External Affairs Minister Pranab Mukherjee underlined that the UPA government will still attempt to move the nuclear deal forward. "I have not given up. We are working on how we can proceed," he said. However, Mukherjee also expressed anxiety about the timeline. "Of course, time is running out. But one cannot help it," he commented. He concluded his remarks by pointing out that India needed the IAEA safeguards agreement and Nuclear Suppliers Group (NSG) exception to engage in civil nuclear cooperation with any country.

Left Wants Nuclear Cooperation, But Not With U.S.

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¶3. (SBU) Speaking two days after Mukherjee's comments, Prakash Karat and A.B. Bardhan, the general secretaries of the Communist Party of India (Marxist) (CPM) and Communist Party of India (CPI), respectively, clarified the Left's position after an hour-long meeting. Karat said that he and Bardhan agreed that the Left will continue to oppose the 123 Agreement, but would support Indian nuclear cooperation with other countries, such as Russia and France. The January 7 Economic Times reported that the Left would ask the government to "work out a mechanism to ensure that the nuclear fuel market opens up for India but the deal with the U.S. is not operationalized."

Comment: Post-Gujarat Fear of Resurgent BJP Could Help Nuclear Deal

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14. (C) The Gujarat election drubbing and BJP victory in Himachal Pradesh has compelled the Congress Party and Left to stick together and avoid early elections at all costs. In a January 2 conversation with poloff, Indian Express reporter Pranab Dhal Samata dismissed any more speculation about holding elections before May 2009 as "very unlikely." Even Karat, who has so far acted with little regard for political ramifications, fears the BJP's resurgent "non-secular" stance more than a strategic partnership with the U.S. Moreover, the CPM still faces internal dissension between state and national factions about the proper role of communist ideology while attempting to encourage development, as evidenced by West Bengal leader Jyoti Basu's January 6 claim, widely reported by the press, that while socialism is not achievable at this time, capitalism is necessary for industrialization.

Political Exigencies Force Middle Path
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15. (C) As a result of the collective political weakness of the Congress and Left, it appears that they may have found a possible middle-way formula that reminds voters of how the civil nuclear initiative can open India to the world, as opposed to the U.S. alone. The Indian government's insistence that it could not sign bilateral agreements with Russia and France until the IAEA and NSG took their steps seems to have succeeded in pressuring the skeptical Left to continue to allow forward movement on the multilateral aspects of the deal. In exchange, the Left will likely demand that the 123 Agreement remain on the backburner, if not abandoned altogether.

NEW DELHI 00000059 002 OF 002

Timing Remains Dicey
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16. (C) What does this mean for the timely completion of the nuclear initiative? After securing the three requirements outlined by Mukherjee during the November nuclear debate in Parliament -- strategic reserve guarantee, acknowledgement of separation plan, and fuel supply assurance -- the safeguards agreement will likely go to the UPA-Left committee by the end of January (provided India and the IAEA complete it by then). Adding further pressure to move forward on the IAEA and NSG, India will not have signed a bilateral agreement with France during President Nicholas Sarkozy's January 26 visit to Delhi. Meanwhile, with the Left and UPA clinging to each other, submission of the safeguards text to the Board will no longer provoke the collapse of the government, which means that the March 3-7 BOG, held in the middle of the first part of India's budget session of Parliament, could consider the India safeguards agreement without serious repercussions. At the same time, Indian engagement with NSG countries could also proceed, passing muster with the Left under the aegis of multilateralism.

Sequencing Still An Issue
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17. (C) Like all politics in India, this scenario depends on several uncertainties. The Indian government's qualms about having a Board vote before the NSG meeting stems not as much from the fear of the Left, as from the concerns about nuclear scientists' reaction. The nuclear scientists maintain that submitting the safeguards agreement to the Board before receiving a clean exception from the NSG takes India's commitment a step too far. The middle way formula could give the Prime Minister enough confidence to override the scientists and move forward on the Board. On the other hand, the Left might seem more amenable to proceeding with the nuclear initiative now precisely because the Communists can hide behind the sequencing impasse imposed by the scientists. The scientists also hold the key to the political balance,

since the Left and BJP opposition will seize and exaggerate any scientific criticism made public. In other words, the sequencing of the Board vote before the NSG exception remains outstanding.

India To Move Forward on Russia and France Deals

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18. (C) The scenario may also require the Indians to pursue bilateral agreements with France and Russia as soon as the NSG provides an exception and the IAEA approves the safeguards agreement. If completed prior to the Congressional approval of the 123 Agreement, other countries will have a headstart over U.S. firms. A Letter of Intent, however, should help salve the sting, though the Left would likely protest any such written assurance.

19. (C) In any case, if the recent public messages delivered by Mukherjee and the Left truly reflect the post-Gujarat reality, the new year could see the UPA government emphasize the multilateral aspects of the deal in order to get the deal done. The Left, meanwhile, will have to swallow the fact that India still depends on the U.S. to banish India's nuclear isolation once and for all.

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